

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6518

BILL NUMBER: HB 1307

NOTE PREPARED: Feb 11, 2013

BILL AMENDED: Feb 7, 2013

SUBJECT: Extraterritorial Utility Rates And Charges.

FIRST AUTHOR: Rep. Braun

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill provides that if a municipal legislative body adopts an ordinance imposing rates and charges on owners of properties located outside the corporate boundaries of the municipality that is more than 150% of the rate charged to property owners within the municipality, then the extraterritorial customers could petition the Indiana Utility Regulatory Commission (IURC) for review of the rates and charges. It provides that such petitions for review of rates and charges must apply to rates and charges established in an ordinance that is in effect on March 31, 2012. It specifies that the petition procedure is not available to customers of a utility that have already petitioned the IURC for review and approval of extraterritorial rates and charges.

The provisions in the bill apply to a municipally owned: (1) water utility; (2) wastewater utility; or (3) combined water and wastewater utility; that is not under the jurisdiction of the IURC for the approval of rates and charges.

It provides that, no later than, December 31, 2013, either or both of the following may petition the IURC: (1) The municipality (2) The lesser of (A) 10% of all; or (B) 25 extraterritorial customers.

The rates and charges established in an ordinance remain in effect until the IURC makes any decision on the petition.

Effective Date: (Amended) July 1, 2013.

Explanation of State Expenditures: The IURC may experience increased administrative costs as a result of

petitions and reviews under the provisions of the bill. The IURC's current level of resources should be sufficient to implement this change.

Background on IURC Funding: The operating budget of the IURC is funded by the regulated utilities operating in Indiana through the Public Utility Fee. The Public Utility Fee is based on a percentage of the gross intrastate operating revenues of a public utility. The fee percentage is derived from the agency's budget, less revisions, divided by the total amount of gross intrastate operating revenue received by the regulated utilities in the previous year. The current rate is approximately 0.12%. The revenue collected through the Public Utility Fee is deposited in the Public Utility Fund.

As of December 17, 2012, the IURC has six vacant positions, the majority of which are clerical positions.

Explanation of State Revenues: To the extent that petitions for revisions of rates and charges are approved by the IURC, there could be a change in sales tax revenues. The impact is indeterminable. Sales tax revenue are deposited in state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Municipalities may need to review and seek revision of water and wastewater utility rates and charges.

State Agencies Affected: IURC.

Local Agencies Affected: Municipalities.

Information Sources:

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